

**DRAFT**~~SECRET~~**CHAPTER ONE****INTRODUCTION**

With the passage of the National Security Act of 1947, Congress recognized the importance of timely and accurate intelligence information about the activities, capabilities, and intentions of foreign powers. Placement of the Director of Central Intelligence (DCI) under the direction of the National Security Council emphasized the critical relation of intelligence to national security.

The importance of timely and accurate intelligence to national security is no less today and cannot be expected to lessen in the future. To meet this need it is vital that the organizations providing intelligence to US policy makers be of the highest quality. Quality products do not come from average organizations.

The quality of an organization is in large measure determined by the quality of its staff. No organization can be a top calibre one unless it can attract and retain high quality, dedicated staff. There is growing concern about the increasing inability to attract to the federal government the country's best talent.

This issue must be a major concern to the Congress and the Intelligence Community. The changing techniques of intelligence call for staff with new technical skills and increasing management

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competence if the intelligence agencies are to respond to the ever-changing activities and work methods needed to fulfill their missions.

The Congress has directed increasing attention to human resource management (HRM) in the intelligence community in recent years. The focus has been on HRM quality and on personnel costs, which are a substantial portion of the intelligence budget. In requesting that the National Academy of Public Administration conduct this study, recognized the importance of effectively managed, quality staff to an effective intelligence program.

The Congress directed that NAPA perform a comprehensive review and comparative analysis of the civilian personnel management and compensation systems of the Intelligence Community (IC). In this study the NAPA panel:

- Examined the need for significant change in the existing IC personnel systems given the strategic trends in the intelligence function and the economic, social, and demographic trends in U.S. society.
- Examined these personnel systems to ascertain if they will be adequate to attract and retain the highest quality personnel through the 1990s.

- Analyzed personnel issues facing the IC that may differ greatly from those facing the federal government in general.
- Compared the personnel needs and requirements facing the individual IC agencies, with due regard for the differing missions, risks, job requirements and environments of the organizations in the community.

The Congress directed the Academy panel to recommend changes, if warranted, in legislative, regulatory, or other areas in the personnel and/or compensation programs to improve the effectiveness of the personnel systems of the IC agencies and to ensure they are able to accomplish their missions in the year ahead.

The seven member NAPA panel, assisted by its project staff, has reviewed issues which encompass:

- How anticipated changes in the U.S. workforce will affect intelligence agencies.
- The impact of future intelligence requirements on human resource management systems, and how these systems might be organized to meet changing needs.
- Different levels of compensation within the intelligence agencies and how they compare to the rest of the federal government and the private sector.
- Recruitment and retention , especially as they relate to critical skill occupations, and whether personnel security requirements adversely affected agencies' ability to get quality staff.
- How well the agency career development and training programs support current and future mission accomplishment.
- Efforts the agencies have undertaken to make their workforces more representative of all groups within the U.S. population, and whether current levels of effort will enable the agencies to continue to diversify their workforces.

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In addition, the Senate Select Committee on Intelligence requested that NAPA review IC staffing costs and make appropriate recommendations on ways to constrain these costs without adversely affecting intelligence missions. This report addresses these possibilities in the context of overall workforce efficiency.

Principal findings are presented in Volume I of this report. Supplemental information, including a great deal of comparative information on each subject examined, is contained in Volume II. This introductory chapter describes the agencies' breadth of missions and the history of special treatment Congress has considered necessary for these agencies.

#### I. CHANGING FUNCTIONS REFLECT BREADTH OF MISSIONS

While enabling statutes are largely unchanged, the activities the intelligence agencies perform and the priorities they address to fulfill their missions are continually adapted to changing national security needs. As recently as five years ago, few experts would have predicted the roles many of the agencies now play in monitoring arms control agreements or tracking international financial dealings -- especially those related to drugs. Certainly, glasnost and perestroika were not in most Americans' vocabularies, and their impact on agency missions can still not be fully predicted.

The breadth and complexity of global issues with significant national security implications has grown in the last decade and the panel foresees no diminution in this trend. Terrorism, narcotics, nuclear proliferation, evasions of U.S. export controls, arms transfer, trade and business practices of our allies and of third-world countries, and international financial markets all require continuing attention. While the agencies have different roles vis a vis these issues, they must all adapt to these added complexities.

The principal foreign challenge continues to be the USSR, and the changes going on in that nation are of such a magnitude that the intelligence agencies must not only maintain their current level of effort but also adapt that first priority effort to very new circumstances in that country.

Concurrent with these mission changes, the intelligence agencies have had to adjust to significant shifts in staffing levels -- major reductions in the 1970s followed by major rebuilding in the 1980s -- and in their employee skill mix, as they have come to increasingly rely on technical collection systems.

While the intelligence agencies are not expecting major shifts in skills requirements over the next decade, they do anticipate an increased need for people with a blend of skills. They expect to

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have to develop strategies to meet unexpected requirements, some of which may require different expertise than now available. The agencies will continue to have workload surges as unpredicted world events transpire.

## II. HISTORY OF DIFFERENT TREATMENT OF INTELLIGENCE AGENCIES

The intelligence agencies differ from other federal agencies in a number of ways. Intelligence Community staff are subject to detailed security investigations, limited job security, little input to geographic work locations, limitations on personal travel, and in some cases danger to personal safety.

One of the most significant differences is the need for secrecy. In designating that the Director of Central Intelligence protect intelligence sources and methods from unauthorized disclosure, Congress emphasized the importance of secrecy in intelligence activities. Some believe that President Eisenhower said it best when he said of intelligence:

Success cannot be advertised: failure cannot be explained. In the work of intelligence, heroes are undecorated and unsung, often even among their own fraternity... -- their reward can be little except the conviction that they are performing a unique and indispensable service for their country, and the knowledge that America needs and appreciates their efforts.

Congress further emphasized the vital need to maintain the confidentiality and secrecy of intelligence activities and personnel when it passed the Intelligence Identities Protection Act of 1982 (50 U.S.C., 421 - 426). This law makes it a crime for people who have or previously had access to classified information to intentionally disclose to unauthorized recipients any information identifying a covert intelligence agency employee who is serving outside the U.S. or did so in the past five years. The Act was intended to halt efforts to identify covert agents, recognizing that such actions jeopardize their lives and safety and damage the ability of the U.S. to safeguard national defense and conduct effective foreign policy.

The nature of the intelligence community is further demonstrated through the special handling processes for intelligence program and budget review within the executive branch and in Congress. Because of security requirements, the intelligence agencies are also exempt from portions of the Freedom of Information Act and from the Federal Labor Management Relations Program.

The courts regularly uphold the special nature of intelligence work. In one case in which an employee leaked information to the press (U.S.A. v. Samuel Loring Morison), the U.S. Court of Appeals noted:

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Intelligence gathering is critical to the formation of sound policy, and becomes more so every year with the refinement of technology and the growing threat of terrorism. Electronic surveillance prevents surprise attacks by hostile forces and facilitates international peacekeeping and arms control efforts. Confidential diplomatic exchanges are the essence of international relations. None of these activities can go forward without secrecy.

The U.S. Supreme Court ruled that the Merit Systems Protection Board (MSPB) did not have the authority to review either the substance of an underlying security-clearance determination or the due process procedures associated with it in the course of reviewing an adverse action. The Court noted that placing the burden of proof upon the government "would involve the Board in second-guessing the agency's national security determinations. We consider it extremely unlikely that Congress intended such a result when it passed the Act and created the Board." (Dept. of the Navy v. Thomas E. Egan)

#### **A. Personnel Systems Reflect Special Circumstances**

A further marked difference between intelligence agencies and their federal counterparts lies in their personnel systems. Over the years, Congress has given agencies within the Intelligence Community varying levels of authority to appoint staff, determine occupational requirements, set pay rates, evaluate employee performance and terminate staff without regard to the normal civil service rules. The CIA's authorities were granted in their



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initial legislation. The NSA's independent personnel system was created with the National Security Act of 1959, because the need for secrecy in their job structure made it impractical to be subject to Civil Service Commission oversight.

The DIA and military intelligence authorities were granted more recently (1984 and 1987), and were largely based on the agencies' inability to attract and retain top staff, given their inability to compete with the more flexible systems of NSA and CIA. The FBI's excepted authorities were extended to all staff by an Executive Order in 1941, but it operates within traditional Title 5 for pay schedules and rates. Congress has not granted special personnel authorities for the intelligence components within the Department of State's Bureau of Intelligence and Research.

Congress also has highlighted the special needs of those CIA employees whose duties are especially hazardous or entail special security requirements when it created the CIA Retirement and Disability System (CIARDS 50. U.S.C. 403). While these kinds of demands may not be equally placed on all Intelligence Community staff, it is important to recognize that they do exist for some staff. The human resource management systems of the IC agencies must be able to effectively meet the special needs of those staffs who work under these unique requirements, as well as staff less exposed to personal danger or covert lives.

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### III. VALUE OF FLEXIBLE HUMAN RESOURCE MANAGEMENT APPROACH

The intelligence agencies expect budgets and staffing levels to stabilize, and the NAPA panel concurs in this view. At the same time, collection capabilities acquired when resources were increasing will lead to "data explosions," meaning the agencies will need more analytical capability, either human or artificial.

To meet changing requirements and enhanced data availability, the intelligence agencies will need to attract, retain, train and retrain a workforce with the skill mix that will meet national security needs. These efforts will have to be accomplished in a climate of constant or declining staffing levels within a labor market undergoing major changes. Yet, there are limits to the intelligence agencies' abilities, and to that of the IC as a whole, to do realistic long range HRM planning. Perhaps because they have concentrated on reacting quickly to international issues or crises, the agencies do not have well-developed HRM planning strategies. The issue is whether their personnel systems are flexible enough to function effectively in a dynamic job market, and meet the needs of their changing workforce.

The panel believes that the intelligence agencies with the greatest flexibility to appoint and compensate have demonstrated the greatest ability to recruit and retain a quality workforce in the 1980s, a time of considerable agency growth and extensive marketplace competition for people with the skills most critical to agency needs.

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The CIA and the NSA have the greatest legal authority to respond to these challenges. Under its 1984 legislation, the DIA has made major changes in its personnel systems and now has the tools to more readily meet these challenges. The military department intelligence components have had considerable difficulty in recent years. The Civilian Intelligence Personnel Management System (CIPMS), scheduled to be phased in beginning in January 1989, will hopefully provide the tools needed to bring about improvements those organizations need.

In the panel's view, the flexibility provided these agencies to establish agency specific personnel systems offers the best hope that these agencies will be able to meet the HRM challenges of the future, a time which may require adjusting the workforce to periods of no growth. The panel strongly recommends that the intelligence agencies retain these flexibilities in their personnel systems. This report recommends additional, specific flexibilities to accommodate periods of stability and growth, as well as to address distinct issues.

Further, this flexibility must continue to recognize and enable the government to respond to the unique circumstances under which some staff of the Community work. Congress has done so in enacting CIARDS for selected CIA staff and should consider the special needs of any staff in other community agencies who might be required to work under comparable circumstances.

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Combined with appropriate accountability within the organizations and to Congress, the panel believes that additional management discretion is needed to provide managers with the human resource management tools they need to fulfill their agencies' missions. The panel commends the Congress for providing the agencies with their current levels of flexibility, and for commissioning this study as it anticipates further demands on the intelligence workforce and the challenge of recruiting, retaining, training and retraining high quality staff.

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